



**Health Services**  
LOS ANGELES COUNTY

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December 22, 2009

To: Each Supervisor

From: John F. Schunhoff, Ph.D.   
Interim Director

Subject: **ADVANCED NOTIFICATION OF SOLE SOURCE  
AGREEMENT NEGOTIATIONS WITH GLOBAL  
HEALTHCARE EXCHANGE L.L.C.**

John F. Schunhoff, Ph.D.  
Interim Director

Robert G. Splawn, M.D.  
Interim Chief Medical Officer

This is to advise your Board that in two weeks time the Department of Health Services (DHS) intends to enter into sole source agreement negotiations with Global Healthcare Exchange L.L.C. (GHX) for the provision of software and services to support the Department's Group Purchasing Organization (GPO) supply chain initiatives. Board Policy 5.100 requires written notice of a department's intent to enter into sole source negotiations for agreements over \$250,000.

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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

GHX offers services to maximize supply chain results by assisting clients in developing a standardized supply formulary, implementing controls to ensure compliance with the established formulary, reconciling and cleansing purchasing data for consistency and completeness, and hosting established supplier agreements and pricing to automate the reconciliation of purchases to the GPO contract catalogue.

*To improve health  
through leadership,  
service and education*

DHS has maintained membership in the University HealthSystem Consortium (UHC), a not-for-profit member alliance of approximately 68 academic health centers and its GPO, Novation, since 1997. As a member of the UHC, DHS has the ability to access the UHC agreements as an alternative to conducting a competitive solicitation. GHX has a current agreement with the UHC that was the result of the UHC's competitive bid process. DHS is recommending negotiations with GHX because the firm is the only company that focuses on healthcare supply chain data management in the United States and it is integrated with all major GPOs including Novation.

Negotiating this agreement will enable DHS to manage a supply formulary and vendor contracts for DHS commodities, as well as provide visibility to the Department's purchasing history. It is in the best interest of the County to enter into these sole source negotiations in order to maximize supply chain automation, drive compliance by implementing controls and standards, and provide DHS with the data necessary to effectively managed the supply chain.



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DHS will proceed with the sole source negotiations with GHX Inc. within two weeks from the date of this memo unless the Department is instructed otherwise by your Board.

If you have any questions, please let me know.

JFS:KKH:cvc

c: Chief Executive Officer  
Acting County Counsel  
Executive Officer, Board of Supervisors